

**STATEMENT
Of**

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Before

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Thanks for the opportunity to share some thoughts on enhancing transparency and accountability at the University of California.

My remarks are based on investigation of UC's overall financial condition and resources and those of other public and publicly supported institutions of higher education including the Oregon University System, Washington Board of Higher Education and the California State University.

Though State funding has increased by 57% since 1990-1991, State appropriations' share of University revenues has decreased sharply. The University's 2008-2009 financial report shows that State funding makes up barely 13% of UC annual revenues.

Student tuition and fees, by contrast, over the same period, has increased 309% after the Regents raised them 32% in November.

In these circumstances, accountability and transparency are critical if the University of California's officers and Regents are to maintain their credibility and the confidence of Californians that *their* University serves all Californians, not a privileged few.

Transparency

Since 2002, I have been repeatedly frustrated in gaining access to public records at the University of California. Most recently, leaving a message with the Secretary of the Regents asking to see Minutes of Regents meetings before 1997, I received a call back from a University Counsel attorney. The attorney advised that pre-1997 Minutes were not available digitally and that even University Counsel staff had to go in person to inspect them.

I know, that is why I called the Secretary, I explained: make an appointment to inspect the Minutes. The attorney asked which Minutes or what subjects I wished to review. I said the Minutes are public records, according to the Regents website. I needn't identify them or the subject of my inquiry. I emailed the Regents' Secretary staff that Minutes are public records and demanded an opportunity to inspect them – which was then offered to me.

This recent episode illustrates a pattern, with few exceptions, going back to my first requests for public information from UC. University officials ask my purpose in seeking the documents, dispute documents' relevance, demand I identify documents' exact name and, too often, deny such documents exist. More than once, University officials sighed that UC's data systems are inefficient, do not interpolate and/or are proprietary to outside vendors unwilling to share. In the vast majority of my requests, documents never were provided.

At a UC library, this would be intolerable. For a leading institution of higher education, this is intolerable. My experience seeking public records from the University has me asking, when it comes to UC's recalcitrance, fool or knave? Are University officials that incompetent managing information or, understanding knowledge is power, determined to keep its own documents from the public?

Accountability

Is the University of California accountable *enough* to the State? My experience suggests that UC must become more accountable not just to State government but to other stakeholders including California's electorate, students, employees and residents.

University officials instead seem to believe that, as the State appropriations' share of University revenues diminishes, UC should be run on the 'Michigan model' with UC accountability rationed out in proportion to the State appropriations' share. The State only gets as much accountability as it pays for.

My research shows that, over at least the last two decades, the share of State appropriations whose use by UC is restricted by the State has diminished. ('Restricted' here refers to resources whose use is subject to the dictates of law, contract, i.e. torts.)

Without access to UC's accounts, the ability of the State or the public to monitor, much less regulate, UC's compliance with legislative earmarks or report-backs is severely limited. The California State University, by contrast, as a State department, has its budget line-itemed by the Legislature and Governor.

The notion that the State and public should get as much the accountability as State appropriations contribute to UC's annual budgets is wrong. In a Michigan model, UC takes for granted (or just takes) all resources on UC's balance sheet that have been provided by Californians since the University was founded. No proposals for greater autonomy envision UC reimbursing the State, just expropriating resources provided by Californians.

More importantly, as economist Alfred Marshall pointed out, as no one can predict future needs or which students or programs will best meet them, so education should be provided to all. To paraphrase, higher education is too important to be left to higher educators. Decision making at UC should not be the exclusive province of a narrow coterie of University officials, steering the University's course by their own lights only, with only limited accountability rationed out proportionate to State appropriations.

President Yudoff's 'accountability' means less access and less transparency at a much higher cost for information for the State and the public about the use of resources Californians provided UC, not just this year but since 1868.

Most importantly, especially in these times, acquiescence to Yudoff's proposals surrenders Legislative oversight of the University just as UC's future and California's are being made.

Recommendations

In difficult times, the Legislature's own fiduciary responsibility to Californians demands more, not less oversight of the University of California. University officials should provide more not less transparency and accountability about their responsibilities in realizing, not abandoning, the Master Plan for Higher Education.

Transparency means that, as a preeminent institution of higher education, the University should make its, especially financial and budgeting, practices and documents more accessible to the Legislature and the public. UC's deliberative processes, aside from established exceptions under the public records act, need to be open, not hidden from view through secret sessions.

UC's accountability depends on the Legislature asserting itself. Legislative intent should be clear through earmarks and report-backs over State appropriations to UC. Where UC officials seem

unable or unwilling to get the message, the Legislature should increase restrictions on State appropriations' use by UC.

An example of the University officials' misuse of State resources is the case of compensation for UC's clerical & allied workers.

Each year, the State has appropriated a lump sum of resources for employee compensation. Each year, since 2007, UC officials have provided no pay increases for University clerical & allied workers, despite admitting that these workers are, based on UC's own compensation surveys, paid 24% less than counterparts.

Review of UC employment data for more than a decade shows a 56% annual turnover in clerical & allied positions. Presented with my findings, reviewed by two dozen economists with UC Ph.D.'s, University officials countered with obviously fudged 'better data'. When exposed, UC officials promised 'better data' then failed to deliver, ultimately admitting none existed. Instead University officials argued without evidence that clerical & allied workers annual turnover was only 26%, still twice the national average.

According to leading sources, turnover costs average more than twice a position's annual salary. Those direct costs include those for a departing employee's separation and their replacement's recruitment, testing and training. But that direct cost does not include lost productivity of employees compelled to shoulder the work of the vacant position and to train the replacement. Nor does it include costs for students, faculty and public for the lost services and institutional knowledge.

Such pennywise, pound-foolish UC decision-making does not cut costs; it shifts costs of extreme clerical & allied worker turnover onto students, faculty, the public and those workers themselves.

It is hardly in the best interest of Californians who established and support the University of California to enable UC officials to continue to sacrifice the quality of education in pursuit of a Michigan model. Sunshine is the best disinfectant. Thank you.